

The Republic of Macedonia is 20 years Old

By Sam Vaknin

Author of "Malignant Self-love: Narcissism Revisited"

The Republic of Macedonia is 20 years old: an adult with the problems and promises that characterize early puberty. The country now has a young and dynamic leadership which has succeeded to transform Macedonia's image both domestically and abroad for better and for worse. According to repeated polls, for the first time in two decades, people are optimistic and investors sanguine.

But there are troubling currents afoot. Macedonia is undergoing a worrisome change of character. If not reversed, these malignant processes will backfire and Macedonia's hopes will be cruelly dashed. Under Nikola Gruevski, Macedonia, for the first time, stands a chance of becoming a prosperous member of Europe and the international community. Its history of self-destructive self-defeating behavior can be avoided.

All the countries in the mutilated post-Communist parts of Europe inevitably ended up poor. Yet, as opposed to their neighbors, some polities failed to alleviate their misery or ameliorate their dire predicament. Macedonia is a prime example of such systemic failure. The denizens of Macedonia are not only impoverished - they also feel like losers and failures.

To avoid confronting such unpalatable truths and to fend off a tormenting low self-image, the citizenry of Macedonia have developed a host of psychological defense mechanisms.

1. Magical Thinking

The belief in a fantastic world in which miracles occur, saviors materialize, one is immune to the consequences of one's inaction, and all ends well, regardless of current realities.

The leaders of Macedonia - left, right, and center - provide their voters (whom they generally hold in contempt) with fairy tales and grandiose fantasies about multi-billion dollar investments, which typically never materialize. Worse still, this obsessive preoccupation with deus-ex-machina salvation-by-outsiders detracts from and distracts the scarce human resources at the disposal of the government.

As a result, the authorities neglect to tackle the most pressing problems facing their nation: unemployment, dysfunctional institutions, and venality. In the meantime, asset bubbles - now in real estate and previously in the bloated and much-manipulated stock exchange - imperil the country's financial system.

2. Messianic-Religious Leadership

From the Caucasus to the republics of former Yugoslavia, leaders of economically decrepit countries in the region present themselves as either Messiah-like saviors or martyrs to the cause, hounded by a "hate-filled and jealous" opposition, or victimized by outside forces. Such leaders ostentatiously "dedicate themselves" to the nation, forsaking a private life or worldly pleasures.

Their subjects crave for honest and hard-working leadership and so hungrily succumb to the allure of ceaseless media campaigns, which border on a personality cult. They suspend their disbelief and dispense with rationality. The Dear Leader becomes the focal point of their hopes and dreams while other institutions - parliament, the judiciary, and the media - shrink and wither.

Often, this populist worship results in an authoritarian regime that gradually, almost imperceptibly replaces consensus politics. The Beloved Leader keeps paying lip service to democracy and functioning institutions, but effectively, he contemptuously ignores them. He purges the civil service, staffing it with cronies and relatives, and he treats the opposition as traitors and enemies of the state. The media is brutally trampled on, coerced into cooperation, or corrupted and co-opted with advertising and perks.

3. Denial of Reality

Unable to face the dismal condition of their country, people in Macedonia choose to simply deny it. Hype and spin and public relations replace real action and substantive reforms. The language itself is subverted: corruption is redefined by the powers that be to exclude blatant nepotism; a mere change of ownership hailed as a revolutionizing foreign investment; promises and plans presented as facts (*faits accomplis*); statistical methodology altered to produce favorable results; faux historians, half-deranged pundits, and pseudo-archaeologists are recruited to transform grandiose myths and outright lies into official history. Thus, reality is done away with and replaced with fantasy.

4. Aggressive Assertiveness

Rather than accept the fact that the nation's low self-esteem and lack of self-confidence are outcomes of its failures, the leadership reverses cause and effects: the country's repeated failures are now, officially, a **RESULT** of people's wavering self-esteem and self-confidence. People who doubt the leadership's claims and doctored data "don't believe in the future of the nation, don't believe that Macedonia can (succeed)." Dissidents are, therefore, branded as pusillanimous traitors.

Thus, everyone is encouraged to adopt a loathsome variant of newfound

assertiveness that borders on narcissism and is unpleasantly aggressive. It does not reflect an inner conviction in the real capabilities and skills of the populace. It is merely demonstrative and hyperbolic.

Macedonia: Press Freedom Index, Riding the Tiger

By Sam Vaknin

Author of "Malignant Self-love: Narcissism Revisited"

1. Macedonia's own Media Freedom Index: The Basis for Informed Debate

SEEMO, the Vienna-based offshoot of International Press Institute (IPI), is slated to send a fact-finding mission to Macedonia in October 2011. Enraged journalists and pseudo-journalists on both sides of the political isle have spent the past 12 months firing missives at each and other and at the international community arguing that press freedoms in Macedonia are either utterly extinguished or in full blossom. Outside observers, such as the OECD, tend to agree with the former view (as does the author of this column.)

But in all this mayhem, one critical issue is being overlooked: press freedom in Macedonia has never been defined let alone measured properly. How can an intelligent and informed debate take place when all parties involved – domestic and foreign alike – disagree on the very point being so hotly contested?

Several venerable non-governmental and multilateral organizations publish annual press freedom indices. Reporters without Borders (RSF, in its French acronym) compile the much-cited World Press Freedom Index. Freedom House has its Freedom of the Press Survey. UNESCO and International Research and Exchange Board (IREX) put forth similar annual studies.

But, while very useful as global comparative measures, these indices suffer from serious drawbacks and are rather useless when it comes to the analysis and monitoring of any single country, such as Macedonia. CIMA (Center for International Media Assistance) and the National Endowment for Democracy (NED) published an excellent overview of the problems inherent in these global indices, titled "Evaluating the Evaluators: Media Freedom Indexes and What They Measure." Consequently, associations of journalists in several countries have developed their own, indigenous, country-specific measures. An excellent example is the Africa Media Barometer.

The first and most crucial task of the Association of Journalists in Macedonia is to develop a Media Freedom Index in Macedonia which will be acceptable to everyone involved in the profession, journalists, editors, civil society, and media owners alike. The index should cover all media, traditional and new, print, electronic, and Internet and should take into account at the very least the following parameters: threats to journalists, including judicial actions and dismissals; denied access to information; restrictive licensing and accreditation; self-censorship; prevalence of investigative reporting; media cross-ownership and business interests; political involvement in the media; equal access to the media, especially the state-owned ones; regulatory bias; advertising distribution and pressure; freedom of the Internet. This, of course, is a very partial list. The Index should reflect specific cultural and social

sensitivities and determinants unique to Macedonia: dimensions that cannot be captured by global perception surveys, such as the RSF's.

A Media Freedom Index in Macedonia will inform future debates and allow opposing parties, the international community, NGOs, and the government to engage in a fruitful polylogue and to generate a legislative and regulatory agenda with the aim of guaranteeing, once and for all, press freedoms in this country.

2. Riding the Tiger: Global Economic Crisis and Macedonia's Opportunities

The Chinese ideogram for "crisis" also stands for "opportunity". Indeed, while it is natural to dread the consequences of a global meltdown, economic crises represent a reversion to a healthier and more functional equilibrium. These momentous shifts are usually perceived by contemporaries as threats. Actually, they constitute unique chances and opportunities.

Macedonia is a small, marginal, and negligible economy. These are advantages as they allow it to act nimbly and to react flexibly to world events. As far as Macedonia is concerned, the global economic crisis presents these opportunities:

1. Banking

Owing to their ownership structure (large Macedonian shareholders, EBRD, IFC, and foreign banks from countries largely unaffected by global contagion) and their reliance on domestic deposits, Macedonian banks can establish themselves as safe havens for foreign capital (legal capital flight - not tax evasion, or money laundering).

To do: Macedonia should streamline, deregulate and liberalize its banking sector and create an offshore banking zone for foreign depositors. The banks should introduce private banking and personal wealth management operations.

2. Agriculture

In times of financial crises, farmland and other agricultural assets rise in value and represent safe and attractive investment opportunities. Recent surges in food prices coupled with shortages owing to multiple droughts across the globe, render Macedonia's countryside a marketable commodity and its agricultural sector a major economic advantage and FDI (foreign direct investment) focal point.

To do: Macedonia should encourage the long-term leasing of agricultural land, set up domestic or participate in regional commodity exchanges, and cutting-edge agriculture (biotechnology, organic, genetically-modified).

3. Exports

The Macedonian denar is pegged to the euro. A collapse in the exchange rate of the euro versus other major currencies will enhance the competitiveness and attractiveness of Macedonian goods in non-Eurozone markets in Europe, the Middle-East, Africa, and Asia. Tourism – being an export – will also benefit.

To do: Reorient Macedonian exporters and tour and hospitality operators towards emerging markets and away from the EU by providing subsidies, forex hedging instruments, marketing expertise, and overall support.

4. Eastern Orientation

As the allure of Western markets fades, Macedonia could position itself as a transit area and a forward base for manufacturers which target Africa, the Middle-East, the Balkans, and Turkey. Unencumbered by the 84,000 pages of EU legislation, labor-intensive, environmentally-unfriendly, and transport-sensitive industries are natural investors in Macedonia.

Similarly, the recent phenomenon of “reverse brain drain” (immigrants returning from lagging Western economies to booming developing and emerging ones) means that Macedonia can, as a matter of national policy and in a state-coordinated manner, export manpower – unskilled and skilled, uneducated and highly-educated – to the West.

Alexander the Great: Murdered in Babylon, Resurrected in Skopje

By Sam Vaknin

Author of "Malignant Self-love: Narcissism Revisited"

Was Alexander the Great murdered in Babylon? In a historical mystery which combines Dan Brown's narrative panache (but with far superior writing skills), Agatha Christie's sense of drama and mis-en-scene, and Paul Johnson's synoptic view, Graham Phillips makes a convincing case that, indeed he was. "Alexander the Great: Murder in Babylon" (Virgin Books, 2004) is as thorough as any scholarly study, footnotes and all and, yet, it is compulsively and breathtakingly readable.

The book opens with the events of the fateful banquet in 323 BC: 32-year old conqueror of the known world, Alexander III, fell ill with the most unusual symptoms and then died. For some reason, his hideous expiry has been attributed to malaria, typhoid, or alcohol poisoning. But Phillips demonstrates irrefutably that the King was assassinated, his drinks laced with fatal herbs.

Having considered the means, Phillips then proceeds to review the motives and opportunity each of the suspects had. And what a list it makes! By the end of his ego-driven life, Alexander had converted his entire entourage into a gaggle of bitter, vengeful, scheming courtiers and spurned wives. Phillips shines the proverbial spotlight on each suspect in turn, analyzing his or her relationship with the young potent, the promise and the inevitable disappointment and disillusionment, love turned to virulent, seething, pernicious hatred or to cold, calculated, merciless self-interest.

Antipater, the long-suffering soldier who feared that he is about to be executed by an increasingly more paranoid Alexander; Arridaeus, the King's older brother, intermittently mentally incompetent, but sufficiently coherent to envy and resent his sibling; Barsine, the gorgeous captive-turned-wife, jilted for a younger woman, saddled with Alexander's first child; Seleucus, the able officer whose meteoric rise via the military ranks may have tempted him to seize even more power; Roxanne, Alexander's first wife and queen, driven insane by

her jealousy of Alexander's Persian second wife, Statira, daughter of the defeated Darius III; Meleager who frowned upon Alexander's self-deification and who survived the purge of the loyal Macedonian cohorts in favor of Persian recruits; Statira, who openly threatened to kill Alexander to avenge her father's death; and Perdiccas, Alexander's second-in-command and instant beneficiary from his untimely demise.

Phillips then proceeds to place the whole event in intricate, rich, and panoramic historical and cultural context and to suggest a plausible solution to the enigma of Alexander's murder, culprit, method, and aftermath included. This, in itself, renders the book the ultimate intelligent whodunit. But Phillips' main (possibly inadvertent) contribution may be the emergence of another profile of Alexander: querulous, paranoid, delusionally megalomaniac, hostile, treacherous, and flippant. In other word: a narcissistic psychopath.

Fast forward 2300 years.

The government of the Republic of Macedonia has recently changed the name of its puny airport to "Alexander the Great". This was only the latest symptom of a growing cult of personality. Modern-day Macedonians, desperately looking for their ancient roots in a region hostile to their nationhood, have latched onto their putative predecessor with a zeal that defies both historical research and the howls of protest from their neighbor, Greece.

In a typical Balkan tit-for-tat, Greece blocked Macedonia's long-sought entry into NATO, citing, among a litany of reasons, the "irredentist provocation" that was the renaming of the airport. Macedonia has designs on a part of Greece, Greek politicians claim with a straight face, and the denizens of this tiny polity have no right to the heritage of Greece of which Alexander the Great is an integral part (which would have surprised him no end: Alexander belonged to the Hellenic culture, but not to any of the Greek polities, his lineage's avowed enemies.)

Newspapers and weeklies in a current-day impoverished and failed Macedonia are flooded with articles and essays written by "archeologists" and "historians" about how current-day Macedonians have nothing to do with the thoroughly documented Slav invasion of the Balkans in the 5th and 6th centuries and are actually the direct and only descendents of Alexander the Great and other illustrious historical figures. If reality lets you down, why not resort to historical , self-aggrandizing, fantasy?

Alexander the Great would have greatly disliked contemporary Macedonians: they are peace-loving, overly-cautious, consensual, and compromise-seeking. It seems that their own government finds these laudable qualities equally offensive.

It is beyond me why both Macedonia and Greece wish to make a deranged mass murderer their emblem and progenitor. There is little that is commendable in both Alexander's personality or his exploits. Having shed the blood of countless thousands to fulfill his grandiose fantasies of global conquest, he declared himself a god, suppressed other religions bloodily, massacred the bulk of his loyal staff, and betrayed his countrymen by hiring the former enemy, the Persians, to supplant his Macedonian infantry.

Alexander the Great was clearly insane, even by the cultural standards of his time. According to Diodorus, a month before he mercifully died (or, more likely, was assassinated) his own generals invited Babylonian priests to exorcise the demons that may have possessed him. Plutarch calls him "disturbed". He describes extreme mood swings that today would require

medication to quell and control. The authoritative Encyclopedia Britannica attributes to him "megalomania and emotional instability". It says:

"He was swift in anger, and under the strain of his long campaigns this side of his character grew more pronounced. Ruthless and self-willed, he had increasing recourse to terror, showing no hesitation in eliminating men whom he had ceased to trust, either with or without the pretense of a fair trial. Years after his death, Cassander, son of Antipater, a regent of the Macedonian Empire under Alexander, could not pass his statue at Delphi without shuddering."

Alexander was paranoid and brooked no criticism, or disagreement. When Cleitus, his deputy, had a petty argument with him in 328 BC, Alexander simply ran a lance through his trusted general and had the army declare him a traitor and, thus, justify the slaying. The same fate befell Cleitus's unfortunate successors as second in command.

From his early youth, Alexander has been reckless (though fortunate) and unusually bloodthirsty. He used the fortuitous occasion of his father's murder to liquidate anyone who opposed him, even implicitly. He then went on a rampage that alienated and united all the Greeks against him. Even his famed campaign against the Persians owed its success to the latter's precipitous decline rather than merely to Alexander's military genius. Long before he came on the scene, other Greeks (the Ten Thousand, Agesilaus of Sparta) have defeated the Persians decisively. His bloodlust never abated: when his army mutinied in India and forced him to return to Babylon, once there, he executed scores of his satraps, military commanders, and other functionaries.

Alexander was known for his hubris and unmitigated narcissism. Using humiliating language, he twice rejected offers of peace from Darius the Great King of Persia, whose family he held captive. When Parmenio advised him to accept the second offer by saying: "I would accept, if I were Alexander", he retorted: "So would I, were I Parmenio". Parmenio paid for his independence of mind with his life: Alexander later ordered him assassinated and his son executed. He also murdered anyone who had anything to do with the two.

When he tried to impose on his free-spirited troupes the obligation to prostrate themselves in his presence, he was subjected to such ridicule that he reversed his decision. But, he kept on wearing the Persian royal garb and he did execute Calisthenes, an hitherto obsequious historian (and nephew of Aristotle) who wouldn't bow to him. The Spartans held Alexander in derision. They published a decree that read: "Since he (Alexander) wishes to be a god, let him be a god".

Wherever he went, Alexander was escorted by scribes whose job it was to embellish history and manufacture legends about their employer. Consequently, most of what is commonly "known" about Alexander is false. But, even so, numerous accounts of his drunken and violent reveries remain, in which he habitually murdered people and tore down cultural treasures (such as the palace of Xerxes). That Alexander was a prodigious imbibor of wine cannot be denied. Virtually all the eyewitnesses concur: Ptolemy, Alexander's bodyguard; Nearchus, his admiral; Eumenes the scribe, his secretary; Chares, his chamberlain; Aristobulus, his military engineer. So do historians who relied on such accounts: Diodorus, Plutarch, Arrian, and the anonymous author of "Historia Alexandri Magni" (History of Alexander the Great").

One could only fervently hope that the government of Macedonia fails in its campaign to transform its citizens into mini-versions of this monster.

Can the Albanians in Macedonia be Bought off?

By: Sam Vaknin, Editor in Chief of Global Politician

The once and future Prime Minister of Macedonia, Nikola Gruevski, has surrendered large swathes of his government to his Albanian coalition partners, DUI, the political incarnation of the rugged insurgents who roiled the country in an armed conflict in 2001. Even the sensitive Ministry of Defense is now in their hands. Moreover: Gruevski, the ostensible arch-nationalist gave way on a host of issues largely perceived by ethnic Macedonians of vital interest. Albanian will now be used as official second language everywhere, for instance and effective amnesty will be granted to Albanian terrorists who are alleged to have murdered and mutilated civilians. The measures are to be passed in the rubberstamp parliament in the form of fast track legislation. This unseemly alacrity is decried by both opposition and legal scholars as non-constitutional.

But will the Albanians be placated by these concessions? Can they be bought off? Is their long-term strategy of an incremental takeover of the state and its institutions paying off?

Western thinkers - even in the era of virulent nationalism - ignored Thucydides' dictum ("People make war because of: honour, fear, and interest."). They believed that throwing money at discontent - in the form of better and freer commerce - is the perfect and irretrievable antidote to war. They accentuated interest at the expense of fear and honour. The all-pervasiveness of this fallacy amounts to an almost reflexive defence mechanism of denial of the reality and inevitability of war and of its role as arbiter and pacifier.

In the Balkan, both the United States and the European Union continue this tradition. The association and stabilization agreements they often dangle and rarely sign, are sometimes followed by civil wars. The stability pact brought no stability. And the profusion of aid money and credits served only to augment flagrant corruption and arm the combatants.

The same tried and disproven methods are now applied by cynical and weary diplomats in Macedonia. Aid is withheld and promised as a bargaining chip. Elusive EU membership is supposed to concentrate the minds of the antagonists. But Macedonia's problem is one of honour, and of fear, and only then - of self interest.

The Albanians in Macedonia are economically better off than their kith and kin anywhere else in the Balkan. This, they claim, is no thanks to the state. Official unemployment amongst the young is intolerably high. Access to secondary and higher education limited (especially since the use of the Albanian language in these institutions is restricted). They are under-represented in public administration. The physical infrastructure of their villages and cities is crumbling or altogether non-existent.

To this the Macedonians retort that Albanians make up a hefty chunk of the informal economy, thus distorting official unemployment figures. Albanians in western Macedonia largely do not pay taxes - an act of civil disobedience long preceding the current insurgency. Their admitted under-representation in state administration is due to the lack of properly

qualified and educated cadre. That they prevent their women from attending school does not help. And infrastructure all over the country is decrepit, Macedonia being the third poorest country in Europe.

What preceded what - discrimination poverty or the reverse - is immaterial except to traditional Balkan hair splitters. Economic problems should and can be solved by economic and regulatory means, goes the West. A tweaked constitution, the right laws passed, credits to small and medium enterprises and, presto, problem solved.

But the Macedonian problem - now in its second century - is a lot deeper than any Western pocket.

The Macedonians regards the current state of Macedonia as the final realization of a dream. It occupies less than a third of the historical territory known as Macedonia - but it is theirs, a sovereign state, where they are fully Macedonian in language and in custom. Macedonia to the Macedonians is, in other words, a fatherland, not merely a convenience. They cling to their tiny plot even more tenaciously in the face of Serb, Greek and Bulgarian disparagement. The Greek doubt the authenticity of the current inhabitants of Macedonia as do the Serbs (to whom Macedonia is "south Serbia"). The Bulgarians regard Macedonian as a villager's dialect of Bulgarian. This inane opposition by their neighbours hardens Macedonian resolve to prevail and perpetuate both their national identity and their language. This is a throwback to the 19th century concept of nation-state - a space populated by a more or less homogeneous people with their own history, national myths, language, and political agenda.

Where the Macedonian's attitude is historical - the Albanians' is territorial ("Albania is where Albanians are"). To them Macedonia is a mere territory inhabited by two major nations (the Macedonians and the Albanians). It is a political and economic partnership. As such, it can theoretically be dismantled, or substantially altered at will. Since no single nation in such a citizen's compact can have a privileged position - they each can veto each other's decisions and vision.

This Albanian rendering of Macedonia is much closer to the American instrumental ethos of the state. To Americans, the USA, is the outcome of a social contract constantly re-negotiated and rephrased. It is founded upon piles of documents - the Constitution, the Bill of Rights. It is an abstract entity in flux, re-defined by its constituents and managed by semipternal arbitration.

The Albanian position is also close to the European Union's new found totem of the "multi-cultural society". States belong to their citizens, regardless of colour, race, or origin. Germany, the United Kingdom, and France are slowly being transformed into immigrant societies - dysfunctional melting pots of hitherto foreign cultures and societies. This tendency is further enhanced by the gradual emergence of the European supranational federation. Sovereignty is in the descendant - national cohabitation in the ascendant.

Here lies the danger to Macedonia's future. Both the USA and the EU are likely to coerce Macedonia to adopt a contract-based, multi-cultural solution to the crisis. The Americans are likely to impose on it an American style constitution - and the European are likely to implement a bevy of "minority rights" measures. In a region still steeped in nationalistic lore and enthralled by the spectre of the nation-state, these would spell the end of Macedonia as a

political entity. At the very least it would spell the end of Macedonia as the homeland of the Macedonians.

Macedonia: The Case of the Abused PCL

By Sam Vaknin

Author of "Malignant Self-love: Narcissism Revisited"

In January 2011, the Republic of Macedonia became the first country to benefit from the IMF's PCL (Precautionary Credit Line): a contingent "insurance policy" of c. \$650 million USD. At the time, the Executive Board of the IMF and the Fund's Deputy Managing Director Naoyuki Shinohara made very clear that they expect Macedonia to not withdraw money from the facility. So did Wes McGrew, the IMF Mission Director to Macedonia and Petar Gosev, then Governor of the country's Central Bank.

The PCL – formed in August 2010 – came with few strings attached. Its main aim was to signal to the markets that the recipient economy is soundly managed and that the Fund's resources are fully behind it. This type of commitment, so went the received wisdom, would prevent contagion.

Not 70 days passed and on March 29, 2011, Macedonia withdrew almost half the credit line, c. 220 million euros. While clearly not in violation of the letter of the PCL, Macedonia's conduct constitutes a gross violation of its spirit.

First, it is clearly stated that countries with PCL arrangements would be expected not to draw upon the available funds unless there is a "deterioration in external conditions." This is not the case with Macedonia whose external conditions have actually gotten better this year. In October 2010, Fitch upgraded the outlook for Macedonia to "stable", citing a "reduced reliance on financing from abroad". In truth, Macedonia intends to use the PCL dough to plug gaping budget holes, the outcomes of its populist spending spree on the eve of early parliamentary elections.

The IMF also stipulates that '(c)ountries suffering any of the following problems (on approval) cannot access the PCL: (i) sustained inability to access international capital markets.' Yet, the country's Minister of Finance, Zoran Stavreski, announced that Macedonia is tapping the PCL precisely because it cannot access international capital markets. Nor is it likely to be able to access them for a long time to come, what with the country's largest investor, Greece (and the euro) falling to pieces On Macedonia's doorstep.

According to our sources, these infarctions of the tacit understandings with the IMF and the haphazard manner in which the funds were withdrawn have angered the IMF and will be an important topic in the discussions during the forthcoming visit of the IMF delegation, immediately after the elections, in the second and third weeks of June. The IMF, we are told, would appreciate a repayment of the PCL credit as soon as practically possible. Macedonia may be taking advantage of the chaos in the Fund following Strauss-Kahn's scandal-prompted premature departure to fend off the Fund's insistent prompting.

Finally the PCL financing is not as cheap as the government had presented it. The IMF says:

'The cost of drawing under the PCL varies with the scale and duration of financing. Currently, the effective interest under the PCL (or an FCL or SBA) for access between 500 and 1000 percent of quota-ranges between 2.2-2.8 percent, and about 2.6-3.5 percent after 3 years. These interest rates exclude a flat 50 bps service charge, which is applied to all Fund disbursements.'

In other words, the very fact that Macedonia had withdrawn half of the PCL in one go (the equivalent of almost 300 percent of its quota) is going to hike the effective interest rate on future credits from the Fund, though not up to commercial borrowing levels (Macedonia paid 4.2% on its last tranche of short-term Eurobonds and 9.8% on its 3-years Eurobond, issued in 2009). The IMF is also likely to tighten the conditions attached to the PCL for future applicants, such as Serbia.

The IMF's Resident in Macedonia, Alexander Tieman, naturally, won't confirm any of this directly. In a prompt and courteous response to our queries, he noted:

"First, the IMF has not asked the authorities to return the money they drew under the PCL arrangement (some 220 million euros) after the elections. Rather, when drawing, the authorities themselves committed to "... *make their best efforts to repay the PCL drawing ahead of schedule, provided that financing conditions are favorable.*" (see IMF Press release of March 23, 2011 at <http://www.imf.org/external/np/sec/pr/2011/pr1198.htm>)

Second, let me assure you that all rules and procedures were followed in the drawing. Under a PCL arrangement, in the baseline case there is no expectation of drawing – there should not be a balance of payment need. The PCL is an insurance mechanism, and with insurance one does not expect the insured event to occur in the baseline case. However, changes in circumstances can justify a drawing. If a large balance of payments need arises unexpectedly, a country that has a PCL arrangement in place can draw on it. In the case of Macedonia, the authorities informed the IMF that their decision to draw upon the PCL reflected the changed circumstances brought about by the early elections, including a delay in the planned Eurobond issuance. Under the structure of the PCL, the authorities may draw on the credit line without seeking agreement from the IMF. This right to draw without needing to go back and seek IMF approval is one of the key features of the PCL.

You also refer to the qualification criteria for the PCL (<http://www.imf.org/external/np/exr/facts/pcl.htm>), where it says that countries with sustained inability to access international capital markets do not qualify for a PCL. The government informed us that, given the changed circumstances brought about by the early elections, a new Eurobond issuance had to be delayed, which in turn led to a request to draw on the PCL. However, in our judgment, Macedonia does not exhibit a sustained inability to access capital market, as evidenced by the 2005 and 2009 Eurobond issuances.

As to the cost of funds under the PCL arrangement, these are the standard IMF terms which also apply to our other main lending instruments. The lending rate is tied to the IMF's market-related interest rate, known as the [basic rate of charge](#), which is itself linked to the [Special Drawing Rights](#) (SDR) interest rate. The rate of charge is variable and stands at 1.52% as of May 30, 2011. This is the interest rate Macedonia currently pays on its PCL drawing. This interest rate excludes a flat one-off 50 bps service charge, which is applied to all Fund disbursements.

You are correct in stating that the cost of drawing under the PCL varies with the scale and duration of financing. Large loans, with credit outstanding above 300 percent of quota, carry a surcharge, which depends on the duration the loan remains outstanding. This, however, does not apply to the PCL drawing of Macedonia, which was in the amount of SDR 197 million, or 286 percent of quota (i.e., below the 300 percent of quota threshold)."

Macedonia's Hopeful Holocaust

By Sam Vaknin

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Macedonia boasts one of only four major Holocaust memorials in the world (the others are in Jerusalem, Washington, and Berlin). For a country of 2 million people with fewer than 130 Jews and no tourism to speak of this is a curious circumstance. That Hitler's "Mein Kampf" is a bestseller in Macedonia and old people still believe in anti-Semitic blood libels renders the whole affair a travesty.

Like the vast majority of Jewish communities in Europe, the Jewish community in Macedonia – 7400 members strong – was completely annihilated during the Holocaust. Like the vast majority of the peoples of Europe (with a few notable and noble exceptions), the Macedonians sat back and did not lift a finger to help. Only a few brave Macedonian individuals bucked the trend. The silent majority gleefully took over the possessions and property of the exterminated Jews and looked the other way. For a definitive account of the Holocaust in Macedonia, read the book by the historian Jenny (Zeni) Lebl. For a harrowing – and, as far as the Macedonians go, unflattering – account of one survivor's ordeal watch Eitan Oren's documentary film about Isaac Adjies. Especially pay attention to how the local Macedonians "welcomed" Adjies when he had returned, decades later, to visit his ancestral home.

It has been my experience that anti-Semitism is alive and well among the Macedonians. The few Jews left here are aware of it: being an Israeli Jew myself, I have been chastised by them for criticizing the government and, potentially, bringing the wrath of the populace and the authorities upon their collective head. Rightly or wrongly, they perceive their status as precarious.

Yet, the Macedonians are conflict-averse and their variety of anti-Semitism is relatively benign and far from virulent. Jews are mostly feared and admired because they "rule the world and the United States, the media and the banks, and all the money in the world". Such fear and "admiration" (which is a thinly-disguised stereotype, steeped in spite and envy) are also forms of anti-Semitism. Indeed, the Holocaust Museum – almost fully funded with the proceeds from the sale of denationalized properties of liquidated Jews, hastily declared heirless by the Macedonian authorities – is the Macedonians' way of bribing the Jews to help them with their economic and geopolitical dire straits. Highfaluting speeches aside, Macedonia's dignitaries – alternately bored or inappropriately smiling – said as much in the Museum's festive opening ceremony.

As usual, the Jews collaborated: the "leaders" of the Jewish community took over the unclaimed funds and erected a white elephant of a museum in the erstwhile Jewish quarter. Now that the deed is done, it would be nice to see the accounting for the moneys contributed by the dead Jews and spent by the living ones in the multi-year process.

Anti-Semitism is a Balkan staple.

I was shown the same book in Yugoslavia, in Macedonia and in Bulgaria - "The World Conspiracy" - a shabby tome written by an ageing "scholar". The main, unabashedly anti-Semitic, hypothesis (presented as undisputed fact) is that the Jews rule the world supreme: always have, probably always will. Lists of prominent Jews in the world of international finance reprinted with lists of influential Jews in the Soviet communist regime. And it all amounts to a well organized secretive machinery of illicit power, claims the author with all the persuasion of a paranoid. In here, trash magazines dwell endlessly on these and similar themes.

Yet, anti-Semitism is only one species in a zoo of rumours, conspiracy theories, meta histories and metaphysics. Superstitions, prejudices and calumny thrive in the putrid soil of disinformation, mis-information and lack of information. In the void created by unreliable, politicized and corrupt media rumour mills spring eternal. It is a malignant growth, the outcome of a breakdown of trust so complete that communication is rendered impossible. This is the main characteristic of the East (from Russia to Albania): distrust. Citizens and politicians, businessmen and government, the media and its consumers, manufacturers and service providers, the sick and their doctors - all suspect each other of ulterior motives and foul play. All are more often than not quite right to do so.

It is a Kafkaesque, sealed universe in which nothing is as it appears to be. This acrimonious divorce between appearances and essence, facade and truth, the Potemkin and the real is a facet of daily life, of the most mundane exchanges, of the most trivial pursuits. Motives are sought with increasing urgency: why did he do it, what did he try to achieve, why had he not chosen a different path, why here, why with us, why now, what can it teach us. Information is pursued frantically, appearances discarded, data juggled, heated debates ensue, versions erupt, only to subside and be replaced by others. It is a feverish ritual, the sound of clashing exegeses, of theories constructed and demolished in vacuo.

At the heart of it all, is the unbearable uncertainty of being. Political uncertainty under communism was replaced by economic uncertainty under the insidious and venal form of capitalism that replaced it. Tucked in identical cubicles, the citizens of planet communism were at least assured of a make belief job in a sprawling bureaucracy or in a decrepit factory, manufacturing redundant documents or shoddy goods. Subsistence was implicitly guaranteed by the kleptocracy that ruled them and, in principle, it was always possible to ignore the moral stench and join the nomenklatura, thereby developing instant upward mobility. Corruption, theft and graft were tolerated by the state as means of complementing income. Life was drab but safe as long as one abstained from politics and subserviently consumed the bitter medicines of acquiescence and collaboration. The vast majority (with the exception of the USSR under Stalin) were not affected by the arbitrary capriciousness of history. They decayed slowly in their housing estates, morally degenerate, possession-less but certain of a future that is the spitting image of their past.

Under the spastic orgy of legalized robbery of state assets that passed for privatization, millions were made redundant while thousands enriched themselves by choreographed looting. The results were instability, unpredictability, uncertainty and fear. In a world thus unhinged, the masses groped for reason, for a scheme, for a method in the madness, for an explanation, however sinister and ominous. Anything was preferable to the seemingly random natural forces unleashed upon them with such apparent vengeance. Even a "World

Government" (a favourite), the Illuminati (a Freemasonry-like movement but much more odious), the Jews, the USA, aliens. The greatest conspiracy theory of them all - the Phoenix of religion - sprang back to life from the ashes it was reduced to by communism. A host of mystical beliefs and sects and cults mushroomed noxiously in the humid shadows of irrationality.

Thus, every event, no matter how insignificant, any occurrence, no matter how inconsequential and any coincidence, no matter how coincidental assume heraldic meaning. People in these domains carry their complex jigsaw puzzles with them. They welcome each new piece with the zeal of the converted. They bellow triumphantly with every "proof" of their pet theory, with every datum, with each rumour. Things don't just happen - they whisper, conspiratorially - things are directed from above, ordained, regulated, prevented, or encouraged by "them". A group of 400 rule the world. They are Jews, they are the Serb mafia, or the Bulgarian. Or the Americans who plan to dominate (which obviously puts Kosovo in context). They are the rich and powerful, the objects of envy and frightened admiration, of virulent hate and rage. They are responsible. We pay the price - we, the small and powerless and poor. And it is hopeless, it has been like that forever. The disparity between them and us is too great. Resistance is futile.

Why was this president elected? Surely, the West demanded it. Or political parties conspired to rig the vote. Or rich businessmen supported him. What is the real aim of foreign investors in coming to these godforsaken places, if not to infiltrate and penetrate and establish their long term dominion? And wouldn't it be safe to assume that all the foreigners are spies, that all the Jews collaborate, that the neighbours would have liked to conquer and to subjugate us, that the world is a colossal puppet show? In other words, is it not true that we are puppets - victims - in a theatre not of our making? They filter out that which does not conform to their persuasion, does not accord with their suspicions, does not fit within their schemes.

This deferral of responsibility brings relief from shame and blame. Guilt is allayed by symbolically and ritually passing it onto another. Fear is quelled by the introduction of schemata. These are potent psychological incentives. They provide structure to the amorphous, bring order to the chaos that is the brave, new world of the economies in transition. Flux is replaced by immutable "truths", possibilities by certainties, threats by "knowledge". It is a re-construction and reconquest of a paradise lost by giving up the fruit of the tree of knowledge.

It is this hyper-vigilance, this elevated suspicion, these instant certainties fabricated from frail pseudo-theories and conspiracies that make the Man of the East so easy to manipulate, so vulnerable, so amenable to collude in his own downfall. Bewitched by his self-spun myths, captivated by his own paranoia, under the spell of his magical, immature, thinking - non critical, non analytical, non discriminating - he is exquisitely susceptible to crooks and charlatans, to manipulators and demagogues, to the realization of the very threats he tried to fend off in the first place.

Macedonia's Minister of Education Cleans Academe's Augean Stables

By Sam Vaknin

Author of "Malignant Self-love: Narcissism Revisited"

Finally, a true reform: Macedonia's youthful and intrepid Minister of Education is attempting to overhaul the country's bloated academic institutions by introducing basic principles, long accepted everywhere else in the appointment and tenure of professors: publish or perish; merit over nepotism; and rating by both peers and students. Inevitably, this moderate effort raised heckles and vitriol among the would-be affected, out to defend their sacred sinecures.

But the problems in Macedonia's education system are far deeper and more intractable.

Start with academic degrees. There are no accessible databases of dissertations and theses. Sam Vaknin's doctoral dissertation is available for all to see via the website of the Library of Congress. But, where would one get hold of a copy of the doctorate and defense, let's say, of Macedonia's former Minister of Finance and one of its guiding economic lights? And how can you be sure that the professors in Macedonia's umpteenth universities have obtained their degrees without resorting to corruption and in a transparent manner?

Consider the following, regrettably representative, case:

Mira Markovic is an "Honorary Academic" of the Russian Academy of Science. It cost a lot of money to obtain this title and the Serb multi-billionaire Karic was only too glad to cough it up. Whatever else you say about Balkan cronies, they rarely bite the hand that feeds them (unless and until it is expedient to do so). And whatever else you say about Russia, it adapted remarkably to capitalism.

Everything has a price and a market. Israel had to learn this fact the hard way when Russian practical-nurse-level medical doctors and construction-worker-level civil engineers flooded its shores. Everything is for sale in this region of opportunities, instant education inclusive.

It seems that academe suffered the most during the numerous shock therapies and transition periods showered upon the impoverished inhabitants of Eastern and Central Europe. The resident of decrepit communist-era buildings, it had to cope with a flood of eager students and a deluge of anachronistic "scholars". But in Russia, the CIS and the Balkans the scenery is nothing short of Dantesque. Unschooled in any major European language, lazily content with their tenured positions, stagnant and formal, the academics and academicians of the Balkans are both failures and a resounding indictment of the rigor mortis that was socialism. Economics textbooks stop short of mentioning Friedman or Phelps. History textbooks should better be relegated to the science fiction shelves. A brave facade of self sufficiency covers up a vast hinterland of inferiority complex fully supported by real inferiority. In antiquated libraries, shattered labs, crooked buildings and inadequate facilities, students pursue redundant careers with the wrong teachers.

Corruption seethes under this repellent surface. Teachers sell exams, take bribes, trade incestuous sex with their students. They refuse to contribute to their

communities. In all my years in the Balkans, I have yet to come across a voluntary act - a single voluntary act - by an academic. And I have come across numerous refusals to help and to contribute. Materialism incarnate.

This sorry state of affairs has a twofold outcome. On the one hand, herds of victims of rigidly dictated lectures and the suppression of free thought. These academic products suffer from the twin afflictions of irrelevance of skills and the inability to acquire relevant ones, the latter being the result of decades of brainwashing and industrial educational methods. Unable to match their anyhow outdated knowledge with anything a modern marketplace can offer - they default on to menial jobs, rebel or pull levers to advance in life. Which leads us to the death of meritocracy and why this region's future is behind it.

In the wake of the downfall of all the major ideologies of the 20th century - Fascism, Communism, etc. the New Order, heralded by President Bush, emerged as a battle of Open Club versus Closed Club societies, at least from the economic point of view.

All modern states and societies must choose whether to be governed by merit (meritocracy) or by the privileged few (oligarchy). It is inevitable that the social and economic structures be controlled by elites. It is a complex world and only a few can master the knowledge it takes to govern effectively. What sets meritocracy apart is not the number of members of its ruling (or leading) class, usually no larger than an oligarchy. No, it is distinguished by its membership criteria and by the mode of their application.

The meritocratic elite is an open club because it satisfies three conditions:

1. The process and rules of joining up (i.e., the criteria) are transparent and widely known.
2. The application and membership procedures are uniform, equal to all and open to continuous public scrutiny and criticism.
3. The system alters its membership requirements in direct response to public feedback and to the changing social and economic environment.

To belong to a meritocracy one needs to satisfy a series of demands, whose attainment is entirely up to the individual. And that is all that one needs to do. The rules of joining and of membership are cast in iron. The wishes and opinions of those who happen to comprise the club at any given moment are of no importance and of no consequence. Meritocracy is a "fair play" by rules of equal chance to derive benefits. Put differently, is the rule of law.

To join a meritocratic club, one needs to demonstrate that one is in possession of, or has access to, "inherent" parameters, such as intelligence, a certain level of education, a potential to contribute to society. An inherent parameter must correspond to a criterion and the latter must be applied independent of the views and predilections of those who sometimes are forced to apply it. The members of a committee or a board can disdain an applicant, or they might wish not to approve a candidate. Or they may prefer someone else for the job because they owe her something, or because they play golf with him. Yet, they are permitted to consider only the applicant's or the candidate's "inherent" parameters: does he have the necessary tenure, qualifications, education, experience? Does he contribute to his workplace, community, society at large? In other words: is he "worthy" or "deserving"? Not WHO he is - but WHAT he is.

Granted, these processes of selection, admission, incorporation and assimilation are administered by mere humans and are, therefore, subject to human failings. Can qualifications be always judged "objectively, unambiguously and unequivocally"? Can "the right personality traits" or "the ability to engage in teamwork" be evaluated "objectively"? These are vague and ambiguous enough to accommodate bias and bad will. Still, at least appearances are kept in most cases - and decisions can be challenged in courts.

What characterizes oligarchy is the extensive, relentless and ruthless use of "transcendent" (in lieu of "inherent") parameters to decide who will belong where, who will get which job and, ultimately, who will enjoy which benefits. The trouble with transcendent parameters is that there is nothing much an applicant or a candidate can do about them. Usually, they are accidents, occurrences absolutely beyond the reach or control of those most affected by them. Race is such a transcendent parameter and so are gender, familial affiliation or contacts and influence.

In many corners of the globe, to join a closed, oligarchic club, to get the right job, to enjoy excessive benefits - one must be white (racism), male (sexual discrimination), born to the right family (nepotism), or to have the right political (or other) contacts (cronyism). And often, belonging to one such club is the prerequisite for joining another.

In France, for instance, the whole country is politically and economically run by graduates of the Ecole Normale d'Administration (ENA). They are known as the ENArques (=the royal dynasty of ENA graduates).

The privatization of state enterprises in most East and Central European countries provided a glaring example of oligarchic machinations. In most of these countries (the Czech Republic, Macedonia, Serbia and Russia are notorious examples) - state companies, the nation's only assets, were "sold" to political cronies, creating in the process a pernicious amalgam of capitalism and oligarchy, known as "crony

capitalism" or privateering. The national wealth was passed on to the hands of relatively few, well connected, individuals, at a ridiculously low price. The nations involved were robbed, their riches either squandered or smuggled abroad.

In the affairs of humans, not everything falls neatly into place. Take money, for instance. Is it an inherent parameter or an expressly transcendent one? Making money indicates the existence of some merit, some inherent advantageous traits of the money-making individual. To make money consistently, a person needs to be diligent, resilient, hard working, to prevail and overcome hardships, to be far sighted and to possess a host of other - universally acclaimed - traits. On the other hand, is it fair when someone who made his fortune through corruption, inheritance, or luck - be preferred to a poor genius?

That is a contentious issue. In the USA money talks. Being possessed of money means being virtuous and meritorious. To preserve a fortune inherited is as difficult a task as to make it in the first place, the thinking goes. Thus, the source of the money is secondary.

An oligarchy tends to have long term devastating economic effects.

The reason is that the best and the brightest - when shut out by the members of the ruling elites - emigrate. In a country where one's job is determined by his family connections or by influence peddling - those best fit to do the job are likely to be disappointed, then disgusted and then to leave the place altogether.

This is the phenomenon known as "Brain Drain". It is one of the biggest migratory tidal waves in human history. Capable, well-trained, educated, young people leave their oligarchic, arbitrary, influence peddling societies and migrate to less arbitrary meritocracies (mostly to be found in what is collectively known as "The West").

This is colonialism of the worst kind. The mercantilist definition of a colony is a territory which exports raw materials only to re-import them in the form of finished products. The Brain drain is exactly that: the poorer countries are exporting raw brains and buying back the finished products masterminded, invented and manufactured by theses brains.

Yet, while in classical colonialism, the colony at least received some recompense for its goods - here the poor country is actually the poorer for its exports. The bright young people who depart (most of them never to return) carry with them an investment of the scarce resources of their homeland - and award it to their new, much richer, host countries. This is an absurd situation, a subsidy granted reluctantly by the poor to the rich. This is also one of the largest capital transfers (really capital flight) in history.

Some poor countries understood these basic, unpleasant, facts of life. They extracted an "education fee" from those emigrating. This fee was supposed to, at least partially, recapture the costs of educating and training the immigrants. Romania and the USSR imposed such levies on Jews emigrating to Israel in the 1970s. Others despairingly regard the brain drain as a natural catastrophe. Very few countries are trying to tackle the fundamental, structural and philosophical flaws of the system, the roots of the disenchantment of those who leave.

The Brain Drain is so serious that some countries lost up to a third of their total young and educated population to it (Macedonia in South-eastern Europe, some less developed countries in South East Asia and in Africa). Others were drained of almost one half of the growth in their educated workforce (for instance, Israel during the 1980s).

Brains are an ideal natural resource: they can be cultivated, directed, controlled, manipulated, regulated. They are renewable and replicable. Brains tend to grow exponentially through interaction and they have an unparalleled economic value added. The profit margin in knowledge and information related industries far exceeds anything common to more traditional, second wave, industries (not to mention first wave agriculture and agribusiness).

What is even more important:

Poor countries are uniquely positioned to take advantage of this third revolution. With cheap, educated workforce - they can monopolize basic data processing and telecommunications functions worldwide. True, this calls for massive initial investments in physical infrastructure. But the important input is the wetware, the brains. To constrain them, to disappoint them, to make them run away, to more merit-orientated places - is to sentence oneself to a permanent disadvantage and deprivation.

This is what the countries in the Balkans are doing. Driving away the best part of their population by encouraging the worst part. Abandoning their future by dwelling on their past. Caught in a fatal spider web of family connections and political cronyism of their own design. Their factories and universities and offices and government filled to the brim with third rate relatives of third rate professors and bureaucrats. Turning themselves into third rate countries in a self perpetuating, self feeding process of decline. And all the while eyeing the new and the foreign with the paranoia that is the result of true guilt.

But, there is an even more serious problem. Consider again the aforementioned professors, members of the current, entrenched elite. They have acquired a great deal of their education, such as it was, in socialist institutions, under a socialist regime which adhered to socialist economic tenets. Can such people now teach capitalism?

Capitalism cannot be "learned" or "imported" or "emulated" or "simulated". Capitalism (or, rather, liberalism) is not only a theoretical construct. It is not only a body of knowledge. It is a philosophy, an ideology, a way of life, a mentality and a personality.

This is why professors of economics who studied under Socialism can never teach Capitalism in the truest sense of the word. No matter how intelligent and knowledgeable (and a minority of them are) - they can never convey the experience, the practice, the instincts and reflexes, the emotional hues and intellectual pugilistics that real, full scale, full blooded Capitalism entails. They are intellectually and emotionally castrated by their socialist past of close complicity with inefficiency, corruption and pathological economic thinking.

This is why workers and managers inherited from the socialist-communist period can never function properly in a Capitalist ambience. Both were trained at civil disobedience through looting their own state and factories. Both grew accustomed to state handouts and bribes disguised as entitlements, were suspicious and envious at their own elites (especially their politicians and crony professors), victims to suppressed rage and open, helpless, degrading dependence. Such workers and managers - no matter how well intentioned and well qualified or skilled - are likely to sabotage the very efforts whose livelihood depends on.

When the transition period of post-communist economies started, academics, journalists and politicians in the West talked about the "pent up energies" of the masses, now to be released through the twin processes of privatization and democratization. This metaphor of humans as capitalistically charged batteries waiting to unleash their stored energy upon their lands - was realistic enough. People were, indeed, charged: with pathological envy, with rage, with sadism, with pusillanimity, with urges to sabotage, to steal, to pilfer. A tsunami of destruction, a tidal wave of misappropriation, an orgy of crime and corruption and nepotism and cronyism swept across the unfortunate territories of Central and Eastern Europe (CEE). Transition was perceived by the many either as a new venue for avenging the past and for visiting the wrath of the masses upon the heads of the elites - or as another, accelerated, mode of stripping the state naked of all its assets. Finally, the latter propensity prevailed. The old elites used the cover of transition to enrich themselves and their cronies, this time "transparently" and "legally". The result was a repulsive malignant metastasis of capitalism, devoid of the liberal ideals or practices, denuded of ethics, floating in a space free of functioning, trusted institutions.

While the masses and their elites in CEE were busy scavenging, the West engaged in impotent debate between a school of "shock therapists" and a school of "institution builders". The former believed that appearances will create reality and that reality will alter consciousness (sounds like Marxism to me). Rapid privatization will generate a class of instant capitalists who, in turn, will usher in

an era of real, multi-dimensional liberalism. The latter believed that the good wine of Capitalism can be poured only to the functioning receptacles of liberalism. They advocated much longer transition periods in which privatization will come only after the proper institutions were erected. Both indulged in a form of central planning. IMF-ism replaced Communism. The international financial institutions and their hordes of well-paid, well-accommodated experts - replaced the Central Committee of the party. Washington replaced Moscow. It was all very familiar and cosy.

Ever the adapters, the former communist elites converted to ardent capitalism. With the fervour with which they had recited Marxist slogans in their past - they chanted capitalist sobriquets in the present. It was catechism, uttered soullessly, in an alien language, in the marble cathedrals of capitalism in London and Washington. There was commitment or conviction behind it and it was tainted by organized crime and all-pervasive corruption. The West was the new regime to be suckered and looted and pillaged and drained. The deal was simple: mumble the mantras of the West, establish Potemkin institutions, keep peace and order in your corner of the world, give the West strategic access to your territory. In return the West will turn a blind eye to the worst excesses and to worse than excesses. This was the deal struck in Russia with the "reformists", in Yugoslavia with Milosevic, the "peacemaker", in the Czech Republic with Klaus the "economic magician" of Central Europe. It was communism all over: a superpower buying influence and colluding with corrupt elites to rob their own nations blind.

It could have been different.

Post-war Japan and Germany are two examples of the right kind of reconstruction and reforms. Democracy took real root in these two former military regimes. Economic prosperity was long lived because democracy took hold. And the ever tenuous, ever important trust between the citizens and their rulers and among themselves was thus enhanced.

And this is where most countries in transition are at right now. To a large extent, it is the fault of their elites. Providing orientation and guidance is supposed to be their function and why society invests in them. But the elites in all countries in transition - tainted by long years of complicity in the unseemly and the criminal - never exerted moral or intellectual authority over their people. At the risk of sounding narcissistic, allow me to quote myself (from ["The Poets and the Eclipse"](#)). Replace "intellectuals of the Balkan" with "intellectuals of the countries in transition":

"The intellectuals of the Balkans - a curse, not in disguise. a nefarious presence, ominous, erratic and corrupt. Sometimes, at the nucleus of all conflict and mayhem - at other times (of ethnic cleansing or suppression of the media) conspicuously absent. Zeligs of umpteen disguises and ever-changing, shimmering loyalties.

They exert no moderating, countervailing influence - on the contrary, they radicalize, dramatize, poison and incite. Intellectuals are prominent among all the nationalist parties in the Balkans - and rare among the scant centre parties that have recently sprung out of the ashes of communism.

They do not disseminate the little, outdated knowledge that they do possess. Rather they keep it as a guild would, unto themselves, jealously. In the vanity typical of the insecure, they abnegate all foreign knowledge. They rarely know a second language sufficiently to read it. They promote their brand of degreed ignorance with religious zeal and punish all transgressors with fierceness and ruthlessness. They are the main barriers to technology transfers and knowledge enhancement in this wretched region. Their instincts of self preservation go against the best interests of their people. Unable to educate and teach - they prostitute their services, selling degrees or corrupting themselves in politics. They make up a big part of the post communist nomenclature as they have a big part of the communist one. The result is economics students who never heard of Milton Friedman or Kenneth Arrow and students of medicine who offer sex or money or both to their professors in order to graduate.

Thus, instead of advocating and promoting freedom and liberalization - they concentrate on the mechanisms of control, on manipulating the worn levers of power. They are the dishonest brokers of corrupted politicians and their businessmen cronies. They are heavily involved - oft times the initiators - of suppression and repression, especially of the mind and of the spirit. The black crows of nationalism perched upon their beleaguered ivory towers.

The intellectuals of the Balkans failed miserably. Terrified by the sights and sounds of their threatened territory - they succumbed to obscurantism, resorted to the nostalgic, the abstract and the fantastic, rather than to the pragmatic. This choice is evident even in their speech. Marred by centuries of cruel outside domination - it is all but meaningless. No one can understand what a Balkanian has to say. Both syntax and grammar are tortured into incomprehensibility. Evasion dominates, a profusion of obscuring verbal veils, twists and turns hiding a vacuous deposition.

The Balkan intellectuals chose narcissistic self absorption and navel gazing over 'other-orientation'. Instead of seeking integration (as distinct from assimilation) - they preach and practice isolation. They aim to differentiate themselves not in a pluralistic, benign manner - but in vicious, raging defiance of 'mondialism' (a Serbian propaganda term). To define themselves AGAINST all others - rather than to compare and learn from the comparison. Their love affair with a (mostly concocted) past, their future-phobia, the ensuing culture shock - all follow naturally from the premises of their disconsolate uniqueness. Balkan intellectuals are all paranoids. Scratch the surface, the thin, bow tied, veneer of 'kultur' - and you will find an atavistic poet, fighting against the very evil wrought by him and

by his actions. This is the Greek tragedy of this breathtaking region. Nature here is cleverer than humans. It is exactly their conspiracies that bring about the very things they have to conspire against in the first place.

All over the world, intellectuals are the vanguard, the fifth column of new ideas, the resistance movement against the occupation of the old and the banal. Here intellectuals preach conformity, doing things the old, proven way, protectionism against the trade of liberal minds. All intellectuals here - fed by the long arm of the state - are collaborators. True, all hideous regimes had their figleaf intellectuals and with a few exceptions, the regimes in the Balkans are not hideous. But the principle is the same, only the price varies. Prostituting their unique position in semi-literate, village-tribal societies - intellectuals in the Balkans sold out en masse. They are the inertial power - rather than the counterfist of reform. They are involved in politics of the wrong and doomed kind. The Balkan would have been better off had they decided to remain aloof, detached in their archipelago of universities.

There is no real fire in Balkan intellectuals. Oh, they get excited and they shout and blush and wave their hands ever so vigorously. But they are empty. It is full gas in neutral. They get nowhere because they are going nowhere. They are rational and conservative and some are emotional and "leftist". But it is all listless and lifeless, like the paces of a very old mechanism, set in motion 80 years ago and never unwound.

All that day of the eclipse of the last millennium, even the intellectuals stayed in their cellars and in their offices and did not dare venture out. They emerged when night fell, accustomed to the darkness, unable to confront their own eclipse, hiding from the evil influence of a re-emerging sun."

A Note on Resistance to Learning

"It is impossible for a man to learn what he thinks he already knows."
Epictetus

The denizens of the Balkans resist learning. They reject newfangled knowledge not because they are traditionalists - but because they are craven and because they are pragmatic.

Craven first:

In the paranoid and surrealistic landscape of the former Soviet Bloc, to admit to ignorance is to publicly acknowledge a deficiency, a personal defeat, and a shortcoming. It is to hand your foes a weapon. It is not only a [narcissistic injury](#) (and that it is), but also a guaranteed professional suicide.

Thus, in the interest of self-preservation, it is more advisable to invent "facts" than to search for them; to claim education than to seek it; and to feign erudition than to acquire it. Ill-informed professors pass on their half-baked notions and inane "theories" from one molested generation to another in a vast conspiracy aided by the lack of access to foreign texts and outside experts.

Insecurity bred by nescience yields conformity and rigid "conservatism". Toeing the line is a survival strategy, not rocking the boat a religious principle, the boorish quid pro quo of Luddites, quacks, and conspiracy theorists the only form of "higher education".

Inevitably, as a purely defensive posture, a monopoly of "learning" has emerged in all these geographical domains. Real knowledge, propounded by genuine (typically, Western) experts threatens to unravel this unholy cartel, counteract the vested interests it reifies, and shatter the ersatz "scholarship" it is founded upon. Hence the fierce objection to any outside "interference" and "intrusion". Provincialism and obscurantism are elevated to the level of an ideology.

Nor is there a grassroots movement of minds eager for intellectual edification and cross-fertilization. Education is a loss-making proposition. Formal training goes unrewarded in these nether regions. Nepotism and cronyism reign supreme. One's advancement, future prospects, and career depend on one's connections or family of origin. One's peers are perforce disqualified to judge one's progress and accomplishments, having been educated by the same inapts and oil snake salesmen that here pass for "professors". Indeed, why bother with textbooks and exams when social networking gets you places faster and far more securely?

Greek-Macedonian Name Issue Myths Debunked

By Sam Vaknin

Author of "Malignant Self Love - Narcissism Revisited"

The "name issue" involves a protracted dispute over the last 17 years between the two Balkan polities over Macedonia's right to use its constitutional name, "The Republic of Macedonia". The Greeks claim that Macedonia is a region in Greece and that, therefore, the country Macedonia has no right to monopolize the name and its derivatives ("Macedonian").

The Greeks feel that Macedonians have designs on the part of Greece that borders the tiny, landlocked country and that the use of Macedonia's constitutional name internationally will only serve to enhance irredentist and secessionist tendencies, thus adversely affecting the entire region's stability.

Macedonia retorts that it has publicly renounced any claims to any territory of any of its neighbors. Greece is Macedonia's second largest foreign investor. The disparities in size,

military power and geopolitical and economic prowess between the two countries make Greek "fears" appear to be ridiculous. Macedonians have a right to decide how they are to be called, say exasperated Macedonian officials.

The Greek demands are without precedent either in history or in international law. Many countries bear variants of the same name (Yemen, Korea, Germany until 1990, Russia and Byelorussia, Mongolia). Others share their name with a region in another country (Brittany in France and Great Britain across the channel, for instance).

In the alliance's Bucharest Summit, in April 2008, Macedonia was not invited to join NATO. Macedonia was rejected because it would not succumb to Greek intransigence: Greece insisted that Macedonia should change its constitutional name to cater to Greek domestic political sensitivities.

In the absence of the glare of the global media, its coverage and exposure, the fourth-rate diplomats that stand in for the International Community in Macedonia ineffectually cajole its government with thinly veiled threats, Cassandra-like apocalyptic scenarios, and verbal bribery. To achieve their aims, they propagate three myths (not to say deceptions):

Myth number 1: The conflict initiated by Greece is “normal” and not intractable

The truth is that the “Name Issue” cannot be resolved because the diametrically-opposing positions of the parties occupy the same semantic and geopolitical space. Both fear for their cohesion and identity should they compromise.

The Greek demand - that Macedonia and, consequently, the Macedonians change their collective (national) name - is unreasonable ab initio. Unreasonable demands cannot be rendered reasonable by being modified or amended. Greek “flexibility” and “reasonableness” are, therefore, smokescreens behind which lurk irrationality and extremism.

Sovereign polities should never succumb to blackmail and extortion: not because of ethical or moral considerations or matters of national pride, but because concessions only tend to enhance the insatiability of blackmailers and extortionists. Macedonia gave in to Greek blackmail once (with regards to its flag), yet this did not slake Greece’s thirst for more.

The name issue negotiations consume vast and scarce resources, especially in terms of human capital. Macedonia is a poor country and this Greek diversion is proving to be lethal as far as its economic development and geopolitical prospects go.

In truth, Macedonia is winning the diplomatic and public opinion battle the world over. More than 120 members of the United Nations recognize it by its constitutional name and not a week passes by without a commiserating op-ed in some prime medium in the West. Greece looks bad: an extortionate bully in the throes of economic mayhem and domestic terrorism. Faced with such an asymmetry in global sympathy, why should Macedonia be the one to throw in the towel?

Myth number 2: A lack of progress (read: Macedonian capitulation) on the name issue will foster inter-ethnic unrest and worse

Ardent, well-choreographed protestations aside, the Albanians in Macedonia ought to be delighted with the lack of progress on both NATO and EU accession. The overwhelming majority of Albanians in Western Macedonia are enmeshed in activities which can only be charitably described as “informal”. The Albanians are the engine that runs the grey and black and criminal economies in Macedonia. EU accession will put an abrupt stop to all these lucrative endeavours and unravel networks that took decades to build and maintain.

Furthermore, the Albanian insurgency in 2001 was the outcome of copious nods and winks (and dollops of materiel) on the part of the United States and, to a lesser extent, the EU. No such support, implicit or explicit, is to be found today: the International Community is firmly and irrevocably committed to the Ohrid Framework Agreement and will not allow the Albanians to use weapons to try to alter its generous terms.

Albanian posturing concerning the Macedonian procrastination with regards to the Name Issue has to do with internecine strife between the two big Albanian parties: DUI and DPA. They both leverage the name issue and threaten civil war in order to re-divide the spoils of government on all levels.

Myth number 3: EU Accession is Macedonia's ticket to instant and sustained prosperity

The EU is in the throes of a life-threatening crisis and the entire enlargement project is in ever-growing doubt. Even if the EU were to emerge unscathed from this predicament, its harried officials still regard the Western Balkans as a cesspit, an Ottoman-Byzantine-Oriental Muslim-infested relic in the heart of an otherwise civilized, genteel, and Christian Europe (read: West). The more bigoted of the EU members are going to drag the negotiations with the likes of Macedonia as they have been doing with Turkey for decades now.

Macedonia currently enjoys all the benefits of EU membership without incurring any of its costs: it has free trade, visa-free travel, and access to regional development funds and EU tenders. The costs of accession are bound to be crippling: Macedonia's sheltered and inefficient industries will crumble in the face of European competition; its judiciary and legislature will be buried under the 84,000 pages of the *acquis communautaire*; environmental, sanitation, and labour rules will render the private sector, such as it is in this benighted place, all but dysfunctional and insolvent; brain drain will likely reach epic proportions. Macedonia is not ready for EU accession. For the time being, it is better off as it is.

In the long-term, accession will bring with it sizable benefits in the transfer of technological knowledge and management skills and in encouraging foreign direct investment. But these welcome side-effects and by-products of EU membership depend crucially on an all-pervading internal transformation. Macedonians lack the skills, the knowledge, the emotional maturity, and the cultural background to have a state of their own, let alone a democracy. They have yet to develop a sense of being part of a cohesive collective. Their rampant individualism is malignant and they all perceive the state and any form of authority as potential and actual enemies.

So, why are Macedonians so keen on joining the EU?

Some of them hope to turn a quick profit as asset prices (shares, real-estate) react to the good news. Others can't wait to abandon ship and join the throngs of economic immigrants from Bulgaria and Poland. Not one Macedonian I have met realizes the full implications of EU accession and not one of them gives a fig. They all perceive the EU as a "get-rich-quick" scheme.

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